GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4459
ANSWERED ON:08.05.2007
FDI IN TOBACCO
Reddy Shri Mekapati Rajamohan

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has decided to allow Foreign Direct Investment (FDI) in Tobacco processing and cigarette manufacturing sectors in near future;

(b) if so, the details thereof;

(c) whether Tobacco producing States/growers have been consulted in this regard; and

(d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (b): Manufacture of cigarettes and cigars requires industrial licence under the Industries (Development & Regulation) Act, 1951. Under the extant policy Foreign Direct Investment (FDI) up to 100%, with prior Government approval, is allowed in the tobacco sector for manufacture of cigars and cigarettes of tobacco products. There is no change in the policy.

(c) & (d): The interests of all stakeholders are considered while formulating the policy.